



Chianello: Plasco offers lesson in sobering reality



JOANNE CHIANELLO [More from Joanne Chianello](#)

Published on: February 12, 2015 Last Updated: February 12, 2015 1:15 PM EST

There were plenty of skeptics over Plasco Energy's chances of success, but nobody was celebrating its downfall this week. Just about everybody can agree with Mayor Jim Watson's sentiment that he wished Plasco had fulfilled its promise.

At heart, we were all cheering for Plasco, our hometown entry in the trash-to-energy sweepstakes. So it was an unfortunate outcome for Ottawa on Tuesday, and a particularly sad one for the 80 people who lost their jobs, when the company filed for creditor protection.

Plasco burst onto the local scene in 2005, promoted by the ever-persuasive Rod Bryden. The company and its high-profile pitchman peddled a dream of turning garbage into energy, in an environmentally safe way, solving the city's landfill problems forever — all accomplished at virtually no risk to the city and taxpayers!



But there's a saying about whatever sounds too good to be true. And one about getting what you pay for. And another about wishful thinking. Choose your cliché.

The deal Plasco entered into with the city was unlike similar arrangements in other municipalities. Under its terms, Plasco would build the Ottawa facility to handle the waste. That contrasts with Durham region, for instance, where taxpayers are on the hook for \$284 million (plus operating costs) for their new incinerator. Or Edmonton, where a \$132.5-million garbage-to-biofuel project run by the Montreal company Enerkem was built with investments from all three levels of government, including \$43.5 million from the Alberta capital.

Perhaps Plasco was willing to shoulder the financial burden of building its Ottawa facility in a bid to get a commercial plant up and running before its competitors in the emerging waste-to-energy market — and to convince council to sign onto the deal in the first place.

Whatever lay behind the strategy, it now seems likely that Plasco's promise to build such an expensive plant made it that much harder for the company to raise funds in the still largely unproven technological field of turning garbage into electricity using plasma.

That wasn't Plasco's only serious challenge. The company wasn't able to reach an agreement with the Ontario Power Authority on a price for its electricity. When Bryden started down this Plasco path years ago, the Ontario government was offering lucrative rates for alternative-sourced electricity. But the Liberals are no longer shelling out the big bucks for green power, and Plasco needed those higher rates in order to operate the commercial plant. (Failure to secure a price for electricity with the OPA couldn't have helped Plasco in its struggle to raise money to build that plant, either.)

As well, Bryden seemed confident he could finalize the necessary environmental approvals from the government much more quickly than was the case. He was always telling the media that he expected Plasco to get the stamp of approval "within weeks." In the end, it took years.

Then there are the questions only engineers can sort out. As its system is proprietary, it's hard to say what, if anything, was going wrong with Plasco's technology. What we know for certain is that the Ministry of the Environment gave Plasco a certificate to build a commercial plant in 2011. We also know the company did not run its demonstration facility for more than a few weeks last year. Plasco officials always contended that the brief running period was to be expected because its engines were designed for demonstration purposes only, and that a commercial-level engine would work.

Back in November, Plasco informed the environment ministry that it was scaling down its plan and would build a smaller plant. Was that because a smaller facility would be less expensive, or was the company trying to address a technical issue? We may never find out now.

But we can breathe easy, since Ottawa taxpayers aren't on the hook, for once. We should be grateful that the former council insisted on safeguards to protect taxpayers if the Plasco project went south. And thankful that earlier, behind-the-scenes discussions for the city to possibly take an equity stake in the company were scuttled.

In fact, Ottawa owes Plasco money, though only about \$15,000 — a pittance, in light of the tens of millions the company owes to its creditors.

What we've lost is 10 years, arguably, waiting for Plasco to prove itself, when we might have been investigating garbage alternatives. Yet perhaps even that is not such a bad outcome. During that decade, the more advanced waste-to-energy systems have come down in price. And now we have a chance to learn from other municipalities' mistakes — as well as our own — and move forward in a new spirit, if not of wisdom, then at least of realism.

jchianello@ottawacitizen.com
twitter.com/jchianello